

ATTACHMENT A

GOVERNMENT PRICES OVERSIGHT ACT 1995 INVESTIGATION INTO THE PRICING POLICIES OF METRO TASMANIA

TERMS OF REFERENCE

The Terms of Reference for the investigation to be conducted by the Government Prices Oversight Commission ("the Commission") into the pricing policies of Metro Tasmania Pty Ltd (Metro) are outlined below. These Terms of Reference address each of the issues outlined in section 25 of the *Government Prices Oversight Act 1995* ("the Act").

The Functions and Other Activities of Metro

The main objectives and activities of Metro, as outlined in the *Metro Tasmania Act 1997* and the Metro Corporate Plan, 1999-2002, are as follows:

- (a) to provide road passenger transport services in Tasmania and to operate those services in a manner consistent with sound commercial practice;
- (b) to perform on behalf of the State its community service obligations in an efficient and effective manner, as specified in the Community Service Agreement; and
- (c) to perform any other objectives specified in the *Metro Tasmania Act 1997*.

The Pricing Policies and the Monopoly Service to be Investigated

The Commission is to investigate the pricing policies associated with the current provision of scheduled route services by Metro in the metropolitan areas of Hobart, Launceston and Burnie and the town of Ulverstone.

The Date of Completion

The Commission must provide a copy of the Final Report required under section 35 of the Act in respect of the Metro investigation by 29 February 2000.

Additional Matters to be Taken into Account

In addition to taking into account the matters explicitly referred to in section 31 of the Act, the Commission must also take into account the following issue when conducting the Metro pricing investigation:

- the effect of the Goods and Services Tax and other elements of the New Tax System on the pricing policies of Metro; and
- National Competition Policy requirements as they apply for regular passenger transport services.

Requirement for the Commission to Make Recommendations

The Final Report provided by the Commission under section 35 of the Act must contain recommendations in relation to appropriate maximum prices (as defined in section 4 of the Act) to be charged by Metro in respect of these bus services during the period of three years after the completion of the Final Report.

Draft Report

At an appropriate time during the investigation, the Commission must make available a draft Report.